

Division of Securities
Utah Department of Commerce
160 East 300 South
P. O. Box 146760
Salt Lake City, UT 84114-6760
Telephone: (801) 530-6600
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**BEFORE THE DIVISION OF SECURITIES
OF THE DEPARTMENT OF COMMERCE
OF THE STATE OF UTAH**

IN THE MATTER OF:

**JENNIFER ROBYN BURKINSHAW,

Respondent.**

ORDER TO SHOW CAUSE

Docket No. SD-06-0022

It appears to the Director of the Utah Division of Securities (Director) that Jennifer Robyn Burkinshaw (Respondent) may have engaged in acts and practices that violate the Utah Uniform Securities Act, Utah Code Ann. § 61-1-1, et seq. (the Act). Those acts are more fully described herein. Based upon information discovered in the course of the Utah Division of Securities' (Division) investigation of this matter, the Director issues this Order to Show Cause in accordance with the provisions of § 61-1-20(1) of the Act.

STATEMENT OF JURISDICTION

1. Jurisdiction over the Respondent and subject matter is appropriate because the Division alleges that Respondent violated § 61-1-1 (Securities Fraud) of the Act while engaged in the offer and sale of securities in Utah.

STATEMENT OF FACTS

THE PARTIES AND ENTITIES

2. Jennifer Robyn Burkinshaw (Burkinshaw) currently resides in Salt Lake County, Utah. In 2004, Burkinshaw solicited money from five investors under five different business names (Rock Star Management, Inc., Club Azure, The Standard Lounge, Swank, Inc., and Rock Star Entertainment), while claiming to be the owner and operator of these five businesses.
3. Rock Star Management, Inc. (Rock Star Management) was registered as a Utah corporation on February 10, 2004. Burkinshaw is the registered agent and sole director of the corporation. Rock Star Management became a “delinquent” corporation as of March 15, 2006, for failure to file a renewal. Rock Star Management’s business address is 190 East 7800 South, Midvale, Utah.
4. Club Azure was registered in Utah on March 10, 2004, as an assumed business name of Rock Star Management. Burkinshaw is the registered agent and obtained the d.b.a. for Club Azure. Club Azure’s business address is 3923 South Feramorz Drive, Sandy, Utah.

5. The Standard Lounge was registered in Utah on October 1, 2004, as an assumed business name of Rock Star Management. Burkinshaw is the registered agent and obtained the d.b.a. for The Standard Lounge. The Standard Lounge's business address is 6121 South Highland Drive, Holladay, Utah.
6. Swank, Inc. (Swank) and Rock Star Entertainment are not registered in Utah.

GENERAL ALLEGATIONS

7. Between April and September 2004, in Salt Lake County, Respondent solicited \$123,000 in investments from five Utah residents. Burkinshaw told investors their money would be used, in general, to pay for expenses associated with opening and operating Club Azure and The Standard Lounge.
8. Of the five investors, one was sold an ownership interest in Club Azure and/or entered into an investment contract with Burkinshaw. The other four investors received promissory notes from Burkinshaw, two of whom also received personal guarantees from Burkinshaw. Each of the investment opportunities offered and sold to investors by Burkinshaw, i.e. the ownership interest, investment contract, promissory notes, and guarantees, all fall within the definition of a security under § 61-1-13 of the Act, because they all generally involve the investment of money in a common enterprise with the expectation of profits to come from the efforts of others.

9. Investors who received promissory notes were offered interest rates of 10, 12, or 15%, and the investments were to mature anywhere from 10 days to 2 years.
10. Burkinshaw told one investor his investment would be used to remodel Club Azure. She told another investor her investment would be used to pay some of Club Azure's debts. Burkinshaw told three investors their investments would be used to pay expenses related to opening The Standard Lounge.
11. Of the \$123,000 invested, Burkinshaw returned only \$1,000 to one investor.

Offers and Sales

(Investor T. F.)

12. In April 2004, Burkinshaw hired T. F. to do electrical and audio work in Club Azure.
13. While installing the audio and electrical system at the club, Burkinshaw told T. F. she needed money to pay for some materials to complete the work and asked for a \$10,000 loan. Burkinshaw offered to repay the loan together with interest within 30 days in weekly principal payments of \$2,500.
14. In reliance on Burkinshaw's representations, on or about April 27, 2004, T. F. gave Burkinshaw a cashier's check for \$10,000. The check was made payable to Burkinshaw.
15. Burkinshaw did not give a receipt or other similar document to T. F. and she was unable to make weekly payments so, on May 20, 2004, Burkinshaw asked T. F. to convert the \$10,000 loan into an investment in Club Azure with an 8% ownership interest.

16. In reliance on Burkinshaw's representations, T. F. agreed to convert the loan into an investment with an ownership interest, but he never received any documentation of that ownership interest.
17. Club Azure briefly opened for business between April and June 2004, but permanently ceased to do business when it failed to obtain a liquor license.
18. After making several demands upon Burkinshaw, T. F. received only \$1,000 from his investment in Club Azure.

(Investor R. S.)

19. In early June 2004, Burkinshaw offered an investment in Rock Star Management to R. S.
20. Burkinshaw said Rock Star Management needed money to pay the debts of Club Azure. Burkinshaw also said she needed the money immediately, but could repay the \$30,000 within 30 days together with the interest as promised because she had obtained a commercial loan.
21. Burkinshaw offered to give a promissory note to R. S. and to pay the \$30,000 plus \$3,600 in interest within 30 days. Burkinshaw also told R. S. she would provide her with evidence of the commercial loan.
22. Burkinshaw never produced proof of the commercial loan, but in reliance on her representations, on or about June 8, 2004, R. S. gave \$30,000 by cashier's check to

Burkinshaw. In return, Burkinshaw gave R. S. a promissory note, stating that Burkinshaw would pay the \$30,000 plus \$3,600 in interest within 30 days.

23. Burkinshaw did not pay the principal or interest within 30 days and, despite efforts to get her money back from Burkinshaw, R. S. has never received either principal or interest from her loan at any time since then.
24. On August 5, 2004, R. S. sued Rock Star Management in Third Judicial District Court. R. S. obtained a default judgment against Rock Star Management on November 4, 2004, in the amount of \$34,977.50.

(Investor D. H.)

25. In early July 2004, Burkinshaw offered an investment in Swank to D. H.
26. Burkinshaw told D. H. she needed \$10,000 to open The Standard Lounge. Burkinshaw offered to give a promissory note to D. H. and agreed to pay back the principal within two months at an annual interest rate of 15%.
27. In reliance on Burkinshaw's representations, on or about July 19, 2004, D. H. gave Burkinshaw a personal check for \$10,000. The check was made payable to Burkinshaw. In return, Burkinshaw gave a promissory note to D. H., stating that the \$10,000 would be repaid in two months at an annual interest rate of 15%.
28. A few days later, on or about July 23, 2004, Burkinshaw told D. H. she needed another \$10,000 to open The Standard Lounge. Burkinshaw offered to give D. H. a second

promissory note and agreed to pay the \$10,000 within two months at an annual interest rate of 15% per year. Burkinshaw told D. H. the second investment would be in The Standard Lounge and also agreed to personally guarantee the loan.

29. In reliance on those representation, on or about July 23, 2004, D. H. made his second investment of \$10,000. D. H. gave Burkinshaw a personal check made payable to Burkinshaw. In return, Burkinshaw gave a promissory note to D. H., stating that Burkinshaw would repay the \$10,000 within two months at an annual interest rate of 15%. Burkinshaw also personally guaranteed the repayment.
30. The Standard Lounge was open for business in October and November 2004, but then ceased operations.
31. Burkinshaw did not repay the combined \$20,000 or interest within two months as agreed and, despite efforts to get his money from Burkinshaw, D. H. has received no return of interest or principal from his investment.
32. On May 31, 2005, D. H. obtained a default judgment against Burkinshaw, in Utah's Third Judicial District Court, for \$22,545.42.

(Investor E. H.)

33. In September 2004, Burkinshaw offered an investment in The Standard Lounge to E. H. Burkinshaw had hired E. H. to work as an interior decorator on The Standard Lounge.

34. While working as an interior decorator, Burkinshaw told E. H. she needed money to open The Standard Lounge. Burkinshaw said she needed \$10,000 and offered to give E. H. a promissory note. Burkinshaw agreed to repay the \$10,000 within ten days plus \$1,000 for interest. Burkinshaw also agreed to personally guarantee the loan.
35. In reliance on Burkinshaw's representations, on or about September 27, 2004, E. H. gave a \$10,000 cashier's check to Burkinshaw. The check was made payable to "Rock Star Entertainment." In return, Burkinshaw gave a promissory note to E. H., stating that the loan would be repaid in ten days plus \$1,000 for interest. Burkinshaw also personally guaranteed repayment.
36. Burkinshaw did not pay the principal or interest within ten days and E. H. has received no return of interest or principal from her investment.

(Investor G. S.)

37. In September 2004, Burkinshaw offered an investment in The Standard Lounge to G. S.
38. Burkinshaw said she needed \$50,000 and promised to give G. S. a promissory note. Burkinshaw agreed to repay G. S. within two years at an interest rate of 10% and also agreed to secure the investment with real property. Burkinshaw told G. S. that the value of that property was greater than her investment. Burkinshaw also promised to employ both G. S. and G. S.'s son at the bar if she invested.

39. In reliance on Burkinshaw's representations, on or about September 27, 2004, G. S. gave both \$4,000 in cash as well as a \$46,000 personal check made payable to Burkinshaw, for a \$50,000 investment in The Standard Lounge. G. S. mortgaged her home to obtain the \$46,000 check.
40. In return for G. S.'s investment, Burkinshaw gave G. S. a promissory note, stating that Burkinshaw would repay the \$50,000 in two years, pay 24 monthly interest/principal payments of \$670.00, and pay the remaining balance at the end of two years.
41. Burkinshaw did not make monthly payments as promised, and did not secure G. S.'s interest in the real property. In fact, Burkinshaw owned only a quarter interest in real property valued at \$155,100, which was not enough to secure G. S.'s \$50,000 investment.
42. On December 9, 2004, G. S. recorded a \$50,000 Claim of Lien against Burkinshaw's quarter interest in the real property.
43. On January 14, 2005, G. S. filed a debt collection suit against Burkinshaw in Utah's Third District Court. The case is currently pending.
44. Despite efforts to get her money from Burkinshaw, G. S. has not received payment on principal or interest from Burkinshaw.

CAUSES OF ACTION

COUNT I

Securities Fraud under § 61-1-1 of the Act (Jennifer Robyn Burkinshaw)

45. The Division incorporate and re-alleges paragraphs 1 through 44.
46. The investment contract, ownership interest, promissory notes, and guarantees, offered and sold by Burkinshaw are each defined as a security under § 61-1-13 of the Act.
47. In connection with the offer and sale of securities to Utah investors, Burkinshaw made false and misleading statements, including, but not limited to, the following:
 - a. Burkinshaw told investor G. S. she owned an interest in real property, and the value of her interest would be enough to secure G. S.'s investment, when, in fact, the real property was valued at \$155,100, a quarter of which would not be enough to secure G. S.'s investment of \$50,000;
 - b. Burkinshaw told investor G. S. her investment would be secured by real property, when, in fact, Burkinshaw failed to record G. S.'s interest in the real property with the Salt Lake County Recorder's office, thereby leaving G. S.'s investment unsecured;
 - c. Burkinshaw told four of the five investors she would pay them principal plus interest in anywhere from 10 days to 2 years, when, in fact, Burkinshaw had

already missed payments of principal and interest to at least one prior investor, and therefore had no reasonable basis on which to make this representation; and

- d. Burkinshaw told investor G. S. she had a commercial loan in place that would fund within the next 30 days, that she would provide G. S. with proof of the loan, and once Burkinshaw received the funds she would pay R. S. her principal plus interest, when, in fact, Burkinshaw never provided G. S. with proof of the loan because there was no loan.

48. In connection with the offer and sale of securities to Utah residents, Burkinshaw failed to disclose material information, including, but not limited to, the following, which was necessary in order to make the representations made not misleading:

- a. Burkinshaw failed to tell investors about any of her outstanding civil judgments, which totaled \$25,126.35 by the time she received money from the last investors in September 2004;
- b. At the time investor D. H. made his first investment with Burkinshaw, Burkinshaw had one pending civil suit against her that she failed to disclose. By the time D. H. made his second investment with Burkinshaw, the pending civil action had turned into a judgment against Burkinshaw;
- c. That Burkinshaw failed to pay prior investors their principal and interest;

- d. Some or all of the information typically provided in an offering circular or prospectus, regarding Rock Star Management, Club Azure, The Standard Lounge, Swank, Inc., and Rock Star Entertainment, such as:
- i. The business and operating history for the subject company;
 - ii. Identities of principals in the company along with their experience in this type of business;
 - iii. Financial statements for the company;
 - iv. The market for the product of the company;
 - v. The nature of the competition for the product;
 - vi. Current capitalization of the issuer;
 - vii. A description of how the investment would make money;
 - viii. The track record of the company to investors;
 - ix. Risk factors for investors;
 - x. The number of other investors;
 - xi. The minimum capitalization needed to participate in the investment;
 - xii. The disposition of any investments received if the minimum capitalization is not achieved;
 - xiii. The liquidity of the investment;
 - xiv. Discussion of pertinent suitability factors for the investment;

- xv. The proposed use of the investment proceeds;
- xvi. Any conflicts of interest the issuer, the principals, or the agent may have with regard to the investment;
- xvii. Agent commissions or compensation for selling the investment;
- xviii. Whether the investment is a registered security or exempt from registration; and
- xix. Whether the person selling the investment was licensed.


43. Based on the above, Burkinshaw willfully violated § 61-1-1 of the Act.

ORDER

The Director, pursuant to § 61-1-20 of the Act, hereby orders Respondent to appear at a formal hearing to be conducted in accordance with Utah Code Ann. §§ 63-46b-4 and 63-46b-6 through -10, and held before the Utah Division of Securities. The hearing will occur on Tuesday, May 30, 2006, at 9:00 a.m., at the office of the Utah Division of Securities, located in the Heber Wells Building, 160 East 300 South, 2nd Floor, Salt Lake City, Utah. If the Respondent fails to file an answer and appear at the hearing, an order to cease and desist may be issued and a fine imposed by default against the Respondent, as provided by Utah Code Ann. §63-46b-11. In lieu of default, the Division may decide to proceed with the hearing under § 63-46b-10. At the hearing, Respondent may show cause, if any she has:

- a. Why Burkinshaw should not be found to have engaged in the violation alleged by the Division in this Order to Show Cause;
- b. Why Burkinshaw should not be ordered to cease and desist from engaging in any further conduct in violation of Utah Code Ann. § 61-1-1, or any other section of the Act; and
- c. Why Burkinshaw should not be ordered to pay a fine of \$125,000 to the Division, to be offset dollar for dollar by any restitution paid to victims.

DATED this 25th day of April, 2006.

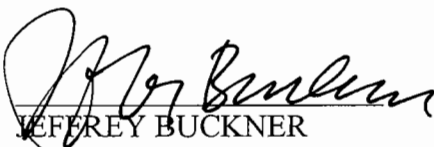


WAYNE KLEIN

Director, Utah Division of Securities



Approved:



JEFFREY BUCKNER

Assistant Attorney General

D. H.

Division of Securities
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**BEFORE THE DIVISION OF SECURITIES
OF THE DEPARTMENT OF COMMERCE
OF THE STATE OF UTAH**

IN THE MATTER OF:

JENNIFER ROBYN BURKINSHAW,

Respondent.

NOTICE OF AGENCY ACTION

Docket No. SD-06-0022

THE DIVISION OF SECURITIES TO THE ABOVE-NAMED RESPONDENT:

The purpose of this Notice of Agency Action is to inform you that the Division hereby commences a formal adjudicative proceeding against you as of the date of the mailing of the Order to Show Cause. The authority and procedure by which this proceeding is commenced are provided by Utah Code Ann. §§ 63-46b-3 and 63-46b-6 through 11. The facts on which this action is based are set forth in the foregoing Order to Show Cause.

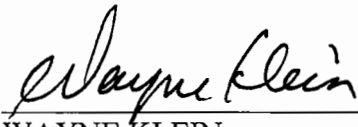
Within thirty (30) days of the mailing date of this notice, you are required to file a written response with the Division. The response you file may be helpful in clarifying, refining or narrowing the facts and violations alleged in the Order to Show Cause. A hearing date has been set for Tuesday, March 30, 2006, at 9:00 a.m., at the office of the Utah Division of Securities, located in the Heber Wells Building, 160 East 300 South, 2nd Floor, Salt Lake City, Utah.

If you fail to file a written response, as set forth herein, or fail to appear at the hearing, the Division of Securities may hold you in default, and a fine may be imposed against you in accordance with Utah Code Ann. § 63-46b-11, without the necessity of providing you with any further notice. In lieu of default, the Division may decide to proceed with the hearing under § 63-46b-10. At the hearing, you may appear and be heard and present evidence on your behalf. You may be represented by counsel during these proceedings.

The presiding officer in this case is Wayne Klein, Director, Division of Securities, 160 East 300 South, P.O. Box 146760, Salt Lake City, UT 84114-6760, telephone (801) 530-6600. The Administrative Law Judge will be J. Steven Eklund, Utah Department of Commerce, 160 East 300 South, P.O. Box 146701, Salt Lake City, UT 84114-6701, telephone (801) 530-6648.

Your written response should be filed with the Division, attention Pam Radzinski, P.O. Box 146760, Salt Lake City, Utah 84114-6760. A copy also should be mailed to the Division's attorney, Jeff Buckner, Assistant Attorney General in the Utah Attorney General's Office, 160 East 300 South, P.O. Box 140872, Salt Lake City Utah 84114-0872, telephone (801) 366-0310. Questions regarding the Order to Show Cause and Notice of Agency Action should be directed to Jeff Buckner.

DATED this 25TH day of April, 2006.


WAYNE KLEIN
Director, Division of Securities
Utah Department of Commerce



Certificate of Mailing

I certify that on the 26TH day of April 2006, I mailed, by certified mail, a true and correct copy of the Order to Show Cause and Notice of Agency Action to:

Robyn Jennifer Burkinshaw
213 E. White Spruce Cove
Sandy, UT 84070

Certified Mail # 7004 2510 0006 1196 9971

Ken Brown
10 West Broadway, #210
Salt Lake City, UT 84101

Certified Mail # 70042510000611969988

Pamela Raszk
Executive Secretary